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**STATEMENT ON *THE NATION'S REPORT CARD:*  
*Economics 2012, Grade 12***

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If the recent financial crisis taught us nothing else, it has shown that understanding our financial systems—which include our job and housing markets, government resources and spending, and our own personal finances—is crucial to our well-being in everyday life. What this NAEP economics assessment indicates is that we still have a way to go to make sure that all students have the tools and critical-thinking skills to make good economic decisions in their personal lives and participate successfully in our economy.

The National Assessment of Educational Progress (NAEP) plays a crucial role in our understanding of 12th-grade students' economics knowledge. It tests an important subject that doesn't get the attention it deserves. One bright spot in this report is that scores for lower-performing students—those at the 10th and 25th percentiles—are higher in 2012 compared with 2006, the year this assessment was last administered. However, the average overall score of 12th graders did not change significantly over those two assessment years and racial/ethnic and gender gaps did not narrow.

Perhaps my role as CEO and president of The Chicago Community Trust has led me to believe that the overall lack of progress over the six years is partly because our nation, schools, and households do not sufficiently emphasize economic and financial knowledge. Although parents are supposed to be their children's first teachers on many things, too many parents don't expose kids to money issues or their own personal financial situation.

My parents talked to me about money, and when I went off to college and was given my first credit card, it was made clear that it was only for emergencies, not shopping. Many young adults who get their first taste of freedom haven't been counseled about debt, credit scores, and interest, so a credit card becomes something they can easily obtain to buy things they can worry about paying off later.

In addition, when I was growing up, financial literacy was part of the school curriculum. In high school, we learned in civics and economics class about supply and demand and the fundamentals of a market economy—and were also taught how to balance a checkbook and master the financial basics required to maintain a household. Advanced students would go on to AP Economics, but this core requirement reflected the idea that these important skills should be taught alongside mathematics, history, and English. Now, as my fellow panelists will elaborate on, economics and financial literacy components have largely gone the way of health or driver education—often not available as an elective class and certainly not considered mandatory.

This is unfortunate, considering that everybody—regardless of status and background—is shaped by economic forces and policies. We need look no further than subprime loans and interest-only mortgages that helped sink our economy and threw hundreds of thousands into foreclosure. At a local level, we all have to pay monthly bills, keep a budget, manage loans, and figure out how to save for a car, house, and other big purchases. We have to figure out how to save for eventual retirement (dramatically underfunded for most). At a global level, our job opportunities are affected by outsourcing and technological innovation, for example, and it is important to understand how our federal and trade deficits influence gross domestic product and overall economic health. How well our economy does affects the resources and programs our local and federal governments are able to provide citizens. It's all interconnected and we have to understand that.

I'm involved in two organizations that are making a difference in that area. First, I'm a member of the board of directors for the Federal Reserve Bank of Chicago, which created Money Smart Week in 2002 and which has since spread nationally. This program reaches out to high school students and communities to educate them on economic issues. Incidentally, it's Money Smart Week right now.

The Chicago Community Trust is involved in funding a citywide program called One Summer Chicago, now in its fourth year and operated by city and county officials, and civic and business groups. The goal is to provide more than 17,000 young people with jobs, internships, and training programs in the public or private sector. The idea is to expose young adults to important job skills and responsibilities, as well as resume development and career exploration, which will, it is hoped, translate to staying in school and entering college or the workforce.

These are examples of ways to respond to the great need to help students understand economics concepts. It becomes something of a cycle within some communities where there may not be sufficient exposure to and knowledge of economics. Financial illiteracy is passed along from generation to generation, and there's not the realization of the big picture as people struggle in a world of payday loans, foreclosures, and crushing debt.

Background questions included in the economics assessment help us to understand the context for learning economics. Three findings are noteworthy. First, the majority of students reported that their coursework does help them understand economic topics. Second, in 2012 more students were seeking information about the local, national, and international economies than in 2006. Finally, 90 percent of students reported that they use the Internet to learn about economic issues, compared with 81 percent in 2006—a steady increase.

In this NAEP report, you see that students who reported higher levels of parental education had higher average economics scores than those who reported lower levels. The Chicago Community Trust is committed to addressing the disparities of education, employment, and wealth experienced by African-Americans and Hispanics, and I am particularly troubled about the NAEP economics findings when viewed by race/ethnicity. African-American, Hispanic, and American Indian students lag significantly behind white and Asian students.

This achievement gap is compounded by the parents' education level. For example, among black 12th graders whose parents did not finish high school, only 8 percent were at or above the *Proficient* achievement level. Meanwhile, if you look at black students whose parents graduated from college, the percentage at or above *Proficient* jumps to 24 percent. Among Hispanic 12th graders whose parents did not finish high school, only 21 percent were at or above *Proficient*. This percentage jumps to 34 percent for those whose parents graduated from college.

A highly educated family background doesn't guarantee success, but it often provides a better foundation of financial stability. This in turn promotes a better economic awareness and access to resources that can build that knowledge and lead to responsible decision-making. For schools with no available resources, I encourage administrators to forge partnerships with organizations like the Federal Reserve Bank, or banks and nonprofit organizations that support financial literacy. And that is what I would like to see more of—a concerted effort among our schools, communities, and households to better equip young adults to understand economic markets and systems and learn how to function in them as workers, voters, consumers, and citizens.